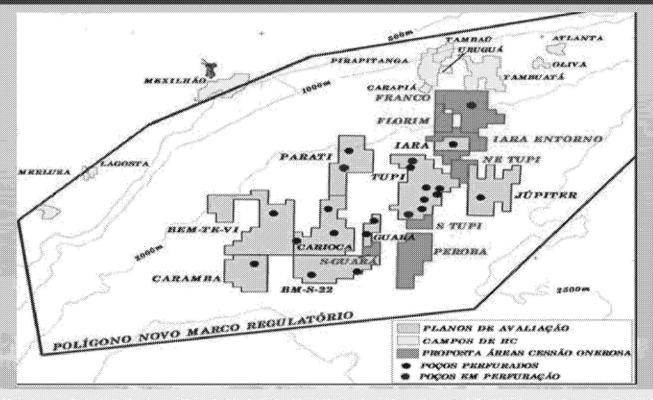
New areas in Pre Salt - Transfer of Rights with Compensation



- After Petrobras started its recent program for contracting new drilling rigs (2008 and 2009) new areas in Pre Salt South Cluster have been added to Petrobras' portfolio;
- These new areas (Transfer of Rights with Compensation) mount approx. 3,900 km², or almost 10% of the already conceded area in Pre Salt;
- For these new blocks, Petrobras is the sole concessionaire.

18

Contents

The Main Risks for the "Brazil Initiative"

Main Risks and Challenges

Being a new industry, the rigs pioneer construction in Brazil must be preceded by careful assessment of all associated risks and include a package of mitigation factors:

Credit Risk

· Intensive capital activity, there will be a great challenge for raising a massive volume of funds (equity and debt), ballasted with the charter contracts receivables.

Shortfall of Revenues

. The final quality of the rigs and the Operator performance will be fundamental for quaranteeing the cash generation for repaying all obligations

Charter Daily Rates

· All Charter and Services Daily Rates must be within international market parameters, otherwise no rig will be selected and contracted

Financeability Performance Pre Salt Drilling Ries Economic Feasibility

Guarantees

 The guarantees package quality will mandatory for financing the project and its feasibility: DSCR, FGCN, Reserve Accounts, Portfolio Finance, Renewal and Performance Funds, etc.

Technological Risk

· This is associated with the pioneer construction in Brazil, and must be mitigated to avoid difficulties with the construction process and the final quality of the rigs

Delay and Cost Overrun

 The pioneer construction in Brazilian shipyards may lead to a loss of productivity, delays and higher costs. Mitigation: use of a proven wide accepted design, association with experienced contractors and FGCN

20

Confidential KEPPEL00040847 **Traditional**

assets residual value and an actual

Long term contracts for drilling units

secondary market for such assets

chartering

Risks and Mitigations

RISKS

(Credit)

Market Prices

(for Daily Rates)

upon delivery from shipyard	a high performance shipyard with a successful history of construction	works and enforcing a high standard and experienced contractor association
Delay in delivery	Use of a high performance shipyard, warranties and liquidated damages	FGCN, contracting 7 identical units (learning curve) & enforcing shipyard association w/ an expert contractor
Cost Overrun	Use of a proved design, guarantee packages and insurance policies (BAR, DSU)	"Learning Curve" providing increase of productivity, shipyard collateral (FGCN), parametric index (pricing realignment)
Operator Low Performance	Use of a high standard and proved Operator and insurance policies	"Performance Fund", mechanism for Operator replacement, Operator & Petrobras as Company's shareholders
Financing	Use of robust DSCR (over 1.20),	Portfolio Finance structure, "Renewal and

Non accentance Use of a widely accepted design and PB permanent supervision of shipyard's

MITIGATING FACTORS

Additional

Performance Funds", PB as sponsor

debt

comprehensive risks mitigation package

efficiency.

repayment

construction supervisor and FGCN

structure

for

Finance

tenors

21

longer

and

Contents

Petrobras' Strategy for implementing the Project